App F IX 4

1948-49
(Mul)

File No 88-48

Serial Nos 1, 2, 102

Previous References
Mul 154 -25 (L)
Mul 81-20 (1)
Mul 98-44 (12, 13)
Mul 113-426 (7, 19, 40, 48, 90)

Later References 73-37 (118, 119, 158, 175, 191, 195)
Mul
Mul 106-48 (8, 36)

Later
C M Def No 236/49-50
C M Def No 260/5051

GENERAL AND REVENUE SECRETARIAT

P 45 (L)

Serial Nos 2 Incom

Part B for Sept'49

SUBJECT

Levying octroi duty on all goods imported into the Mysore city Municipal area by the Government Commercial Department, such as Electric and Sandal wood oil Factories.

L 3586/49 24 9 49

To

The Municipal Comr

Mysore

(Now Tumkur)

Rejects the proposal

4617

MM

From the President, city Municipal Council Mysore

R S C 631-184 dated 22-1 48

Forwards for orders of Govt the resolution dated 23-12-47 of the Mysore city Municipal Council regarding the levy of octroi on goods imported by the Commercial Departments of the Govt by the Mysore city Municipal Council

1) The Mysore city Municipal Council has been repeatedly requesting the Government to amend the taxation rules in force in the Mysore city Municipality, so as to enable the city Municipal Council to levy octroi etc on articles imported into the Mysore city Municipal limits by the Railway, Electrical and other quasi-commercial Departments

2) The above request has not been approved by the Govt so far and the attention of the

Municipal Council was drawn to the undermentioned Standing orders on the subject, directing the exemption from the payment of duty on all articles imported by the Government Departments for their use

C Flag V) L 6726-9/Ml 15-4-25-2 dated 29-4-1926

Flag X) L 5249/Ml 73-37-195 d 23-12-38

Flag Q) L 3336/Ml 98-44-13-d 14-10-49

Flag W) L 8942 dated 27-9-47 ——

3 The Mysore city Municipal Council has also requested the Govt to reconsider the above orders, so as to enable the Municipal Council to levy octroi on all goods imported by the Government Commercial Departments which realise profit from out of the articles imported

Reforms ?

4) All the points now raised have been

met in the above Standing orders

5) The proposal in para 3 supra is Con-
trary to the Standing orders

Reversed 16/2/48

16/2/48 Br 16.2.48

6) The proposal of the Municipal Council means a departure from the established policy of the Govt. of India as accepted & Such a departure appears to be undesirable in view of the decisions that have been taken in the past as indicated in the various Q.A's referred to above—

Minister
C. Rules & Regs)

8
18/2/48

19 2 48

THE MINISTER FOR CITY MUNICIPALITIES AND MUZRAH
No 1256
Date 19-2-1948

7/ The minister decrees that the collections leading to the following Government orders be put up, together with an old copy of the entry in this Act, in the schedule

i) R1696-209/ML81-20-1&3820,

ii) 10155-219/ml113-42-90&1543

Page 'K' iii) L10252 & 20147

ML 106-45=36

Submitted to the Revenue Secretary

TRA IV Section

Asst Secy PA please Compare 22/3/48

22/3

2/4/48

Office of the Minister for ... Commerce

Mysore City Municipality

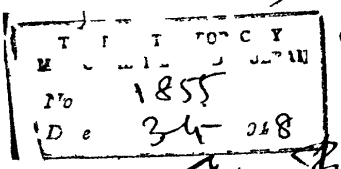
9) The records of the above files from the Records Examiner Subbiah has been found by the Land Records to trace the file. Does these be put up again after another two days

1/4/48

Yes - please

1/4/48

10) The above three files, together with a copy of the Mysore City Municipalities Act, 1906 - are put up



2/4/48

11) Office of the Minister for Municipalities

for

1857

12) The Hon'ble Minister
for
Finance & Industries
for favour of his orders. P Gluck
8/6/48

13) In this connection I think it is not out of place if I give below an extract from the speech delivered by Mr. G. D. Birla, Chairman of the United Commercial Bank Ltd at the 5th Ordinary general meeting of the Bank held on 22nd April 1948

14) "There is also another point which I must emphasise in connection with the Government's proposed industrial activities, particularly in the common field Their working should be on equal footing with private enter-prise There should be no special factors or weighted influence in favour of the State's works as against the private Their accounts should be kept on commercial principles and they must be liable to taxation like ordinary companies It is only when competition is on identical terms that we can correctly judge which of the two organizations is more efficient and therefore better in the country's interests" P Gangopadhyay
Clerk
8/6/48

OFFICE OF THE MINISTER
FOR FINANCE & INDUSTRIES
No 4210
Date 8/6/48

15) The views of the Electric & Railway Depts and the Directors of Govt Aided concerns may be obtained

THE MINISTER FOR CITY
MUNICIPALITIES AND MUZRAH
No 298
Date 21-7-1948

16) P Gluck 28/7/48. 17) 2/17/48 Sec'd 20/7

OFFICE OF THE MINISTER FOR
CITY MUNICIPALITIES AND MUZRAI
BANGALORE

18) DPTs please
23/7/48

19) Submit with a draft letter to the
Chief Elec Engr, Govt Mysore State Rly
& the ~~Govt~~ Addl Dr. of Industries & ~~Commerce~~ Commerce,
for appl

23/7/48
23/7/48

20) Issue & return
with the letter recd recently
from the PWT, Mysore city

23/7/48

Issued in NO L 969-74/ML 88-48-2
dated the 30th July 1948 to
1) The Chief Electrical Engineer
2) The General Manager Mysore State Railways
3) The Additional Director of Industries & Commerce
4) The Director of Sandalwood Factories in Mysore
5) Sri Jagadguru Chamarajendra Technological Institute Mysore
6) The General Manager Mysore Iron & Steel Works, Bhadravathi -

Calls for views on the proposal of the Mysore City Mly —

Levy of octroi on all goods imported into the Mysore City Municipal area by the Govt Commercial Depts which make a profit on the articles imported

---

(All 4617)
2 1 √205
√5951

21) Remembered with reference to orders in para 20 above after some The letter referred to in para 20 is in the file

HTV 2-8-48 Bro wrote

22) Old long up Mr papers from office have to be arranged properly for 2/8/48

23) The papers have been arranged in proper order -

HTV 3/8/48

(I) Letter No 180 dated 3rd August 1948 from the Superintendent Sri Chamarajendra Technical Institute Mysore requesting that the articles imported for the institute may be exempted from octroi duty as no profit is earned the octroi duty

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(II) Letter No 5383- dated 9th August 1948 from the Chief Electrical Engineer furnishing his remarks in the proposal of the Mysore City Municipality to levy octroi on articles imported by the Elec Dept into Mysore City Municipality

(III) Letter No. C1 - 1450/Let - 48 dated the 25th August 1948 from the Additional Director of Industries

Levy of octroi duty on all goods imported into the Mysore City - Mtg by the Govt & several Depts which make a profit on articles imported

HL 4613/45-48
J 1316/46-48
1530 "
1692 "

---

and Commerce in Mysore furnishing his views on the proposal

---

24) Submitted for perusal and orders.

Who were addressed in the matter on the 30th July 1948 in Dy. No. 969-74/14 Sec. II to give their opinion on the proposal of the Mysore City Octroi Duty Officers Shri Lingadahalli Sri Channabasaviah replied vide his letter dated 7-9-48 regarding Technical Inspection Staff (2) the Chief Electrical Engineer & (3) the Assistant Director of I & C

Replies are yet due from the General Manager, Mysore State Railways, Director, Sandal Oil Factory, and the General Manager, Mysore Iron & Steel Works vide D.O. reminders dated 4-9-48

I for 4-9

25) Issue advance reminder

7/9/48

26) Issued to the General Manager, Mysore Rly / Director Sandal Oil Factory & the General Manager, Mysore Iron & Steel Works in D.O. Nos 2391, 2392 & 2393 respectively on 8-9-48

Issued 7/9/48

ML
2666

Levy of octroi on all goods imported into the Mysore City Mll area by the Govt Commercial Depts which make a profit on the articles imported

---

Letter no. G 2340 dated the 25th Sept 1948 from the General Manager, Mysore Iron & Steel works on the subject

26) The General Manager states that the Pdt, dkgrd cl has been requested to send a copy of the octroi regulations and byelaws of Mysore City Mlty and that he will send his opinion after they are received. The opinion of the General Manager Mysore Rys is also awaited

I/or 12/10.48 Bx 12 coref

27) pl remind both of them on 25/x/48. 1 no reply is rec'd by them

Sd/-
13/10/48

Letter no G 106 dated the 10th Mlk October 1948 from the Director, Sandal Oil Factories in Mysore Bangalore stating that the levy of octroi duty on the articles of the Sandal Oil Factory by the

Levy of octroi on all goods imported into the Pyinmana Mkt by Govt Commercial Depts which make a profit on the articles imported

ML
3087
15 2666
1692
1530

Pyinmana Mkt is not to be gazetted and should continue to be exempted as heretofore

28) Submitted for perusal. The opinion of the General Manager, Myitkyina State Railways has not yet been received and another reminder is herewith put up urgent DO reminder for appl

29) Correspondence ag to ver

Issued

DO
25-10-48
Rs as cover

30) The opinions of the officers who were consulted in the matter are as under -

Superintendent, Dr Chaney under Technical Institute

He states that the Institute is meant for imparting training to students in the

Levy of octroi on goods imported
HL by Commercial Dept of Govt into Tryme &c-
3087

various handicrafts and is an Educational Institute for imparting industrial training He further states that the Institute is giving training in Smithy and Fitters work & the Style School students who have taken mechanics as their optional It is also stated that no profit is made out of the articles prepared by the Institute and as such they should be exempted from octroi

Chief Electrical Engineer

31) Reg B) He states that this question of levy of octroi on goods imported by the Elec Dept into Tryme city has been dealt with in full detail and orders of Govt have been passed in G.O no ED. 405-S- dated 11-5-26 and that there is no justification by the Tryme city Mcty to levy octroi on articles imported by this Dept and that the conditions do not appear to have changed warranting reopening of the question

32) He further brings to notice in this connection that the city Mcl & Tryme

Levy of octroi on goods imported by Commercial Depts of Govt and Municipal Cty

1 Mly 308 } 2666 " 1692 " 1530

Has favored the Commissioner's views to it by the Electrical Dept as the royalty levied on lights is so low that it falls short of bare maintenance, apart from leaving no Sinking Funds Consumption charges. The cost of Electrical materials has gone up abnormally high & the maintenance charges on the sheer of wages & salaries have increased considerably of late, still the royalty charges are those fixed so far back as 1926 in Corporation's not-quite satisfactory financial position & must of the Cities like quarter the instance of Ctte State Slum where the ratio of royalty levied is more than 1½ times that levied elsewhere the reluctantes that the Dept is not making any profit at all in the meters referred to in the letter of the Mly like Bangalore States that no octroi should be levied on articles imported by the Elec Dept and if this is insisted upon by the Municipality the Dept has to raise the rates of royalty to an effective rate so as to secure to the Dept a revenue not incompatible with its expenditure on Maintenance & cost rate of power consumed

Levy of octroi on goods imported by Govt Commercial Depts of Govt into Rgn &c

34) Additional Director of I & C

Flag C) He states that his department is not a Govt Commercial Dept with a view to earn profits nor is it importing any goods from outside the State which are subject to levy of octroi, except that it is affording assistance to handloom weavers of the State by exempting the levy of octroi on all the handlooms -

34) General Manager, Rgn Iron & Steel Works

D) He states that he has called for certain information from the Rgn Municipality & that he would furnish his views after receipt of the same

35) Director of Sandal Oil Factories in Rgn

Flag E) He states that Govt have already passed orders exempting the Sandal Oil Factory from the levy of octroi (in Rgn) and that the net revenue realised by the Sandal Oil Factory or the disposal of Sandal wood in the form of Sandal oil forms part of the revenue of the Forest Dept, hence an item of public revenue, not used for private profit and no levy should therefore be permitted

Levy of octroi on goods imported by Municipal
ML 3087 Depts of Govt into Municipal Limits
Jan 66, 1692 & 1580

The adds incidentally that normally the factory would have been located outside the ML limits and that as it was considered that the location inside the ML limits would help the Mlty by way of expansion of the town and revenue thereform, and that there would be no change in the policy of exemption, the factory was located within the ML limits

Hon 29 11 48

36) Under the bylaws in force for the levy of octroi in Municipal Mlty, exemption is allowed in respect of "goods belonging to Govt and used solely for public purposes & not used or intended to be used for purposes of profit and accompanied by an invoice certified by the Head of the Department concerned that the property therein mentioned belongs to Govt. etc."

37) This exemption has been further amplified by the issue of executive order in respect of the several Development depts of Electrical, Industrial, Railway (1) Commercial Depts (2) Home Industries and Educational Depts

38) We suppose at Mel however Considers that these departments are working as Commercial depts and are deriving profits by their transactions & therefore liable to pay octroi duty on the several articles imported into the limits of the city from time to time while no doubt they are distt departments of govt, fulfilling certain public purposes, The same yet it is considered that they are Commercial depts working for profit & as a matter of fact profit flows account -is thereon up in respect of each of these departments We feel Zero an exemption - in respect of the (Chandrapur Industrial Estate) Commercial substitutes & or goods imported for the ~~use of such~~ Such institution

may be reasonably ~~exempt~~ accepted
But the same cannot be pleaded
in the case of the other Departments
by Electrical, Railway & other industrial
Concerns where a profit is made
39) The present arrangement is a
unit attended with more time force
in the representation of the Supreme
Govt of India on this behalf

40) There also another aspect of the
question & this is one of policy &
this request is allowed in the case of
Supreme Govt, the same will have
to be reasonably ~~extended~~ conceded in the
case of other Departments - Railways in the Civil
Service, Electrical Undertakings

41) In the case of the Supreme Govt there
is also the additional advantage
of that it receives contributions
(Amounting every year amounting
State funds for civil Improvement and
also in connection of the visits
of distinguished personages like the

Governor General. It may be argued that this impose ~~exchequer~~ point from the fact makes up for the deficiency in the revenue which the Bill might have realised by the levy of duties. This does not however satisfy the Executive which also expects from each transaction which

4) This also expects from each transaction which levy regard to the motives moved by the part that no duties should be levied on transfers or conveyance proposed in respect of the existing articles, the report could be framed for levying such duties on the articles imposed by these Acts

43) It may be stated here that, in spite of the several orders issued from time to time, to regulate the exemptions in regard to the levy on articles imposed by these Acts the supreme Govt which ~~is not~~ still feels that its report is a reasonable one, that whenever it suffers its Budget this therefore

necessary that definite conclusions
orders be passed about their regrs.
based on precedent, practice & policy

4) Whatever may have been the circumstances
under which the orders of 1920 & 1926
were passed, conditions have certainly
changed during the last two or three
decades and in view of the additional
expenditure which the Municipalities
called upon to shoulder recently,
various factors at work, such regrs.
may have to be given due
consideration

revised 30/11/46

45) The matter may perhaps
be considered in the ensuing
Proposed meeting of the
Municipalities, when some
of the Heads of the Depts concerned
also be requested to be present
when this subject is discussed

Minister
C Affs & Housing)

2/12/46

T... T... FOR CITY
... A... JZ"AD
No 2256
Dct 2-12- 48

3087

(16) This subject was not included in the Agenda for the Conference of Premiers, Ministers and Members of the Legislature on 3rd to 4th January 1949

(17) The Minister for City Affairs & Housing was pleased to say that he would consider the subject in this file separately & pass orders. Hence this file is returned.

[illegible] SECRETARIAT
[illegible] No 2874
Date 10-1-1949

Minister for City Affairs & Housing 8/1/49

(18) In view of the instructions issued by the Govt. that no action should be levied on fresh cases and no enhancement on the present rates, I cannot order the levy to this may be seen for the present. P.K. Lahiri 22/1/49

DM Letter

(19) Ans 28/1/49

SECRETARIAT OF WEST BENGAL
Rec'd
Date 2315
28/1

(20) Recommitted

It is for orders whether the file may be submitted to the Minister for Finance & Industries for personal info

MC 3087 Levy of cesses by the Municipality [illegible] in Wards represented by certain Councillors

Reference to para 15 of notes and orders

JOR 25-5-49 Fr 25-5-49

25/5/49

51) 26/5/49

Minister for Finance & Industries 26/5/49

53) JOR 9/9/49

Fr 10/9/49

53) Draft letter to the Municipal Commissioner, Mysore etc for approval

Comm 16/9/49 JM

16/9/49

The Municipal Commissioner,
Mysore city
(Thro' the President)
Lr 3586/MC 88-48-102

54) 24-9-49

Records that it may lie over for the present

26/9/49

OFFICE OF THE MINISTER FOR FINANCE & INDUSTRIES
No 5364
Date 26/5/49

SECRETARIAT DE MYSORE * GEN RAL DE ARRONTS *
No
Dat

SECRETARIAT DE MYSORE * GEN RAL DE ARRONTS *
No
Date 10/9/49

mk 88-48-1

No MSC 631-184
Encl 44-45 enc

Office of the President
City Municipal Council, Mysore

Date 22nd January 19 48.

-7 FEB 1948

From

N S HIRANNAYYA Esq, M A
President, City Municipal Council,
MYSORE

To

Syed Abdul Aleem, Esq., B.A.,
Secretary to the Government of His Highness the
Maharaja of Mysore, Revenue Department,
BANGALORE

Sir,

Subject - Levy of Octroi on all goods imported by Government Commercial departments which make one profit one of the articles imported.

I have the honour to state that on a resolution tabled by Mr. K.Puttaswamy Municipal Councillor, the question of levy of octroi on articles belonging to profiteering Government Commercial departments came up for consideration at the Council meeting held on 23-12-47. After a lengthy discussion on the subject it was finally resolved that octroi should be recovered on the goods imported by such concerns in future and that Government should be pressed to reconsider their orders previously passed in this behalf on the ground that the sole criterion for the levy of octroi is whether articles are imported by the Government commercial concerns for purposes of earning a profit or not, irrespective of the fact as how such profits are used. A copy of the resolution is enclosed.

In this connection I would like to submit that the financial position of the Municipality is not satisfactory as already reported to Government on many occasions. The position has become more accute owing to the payment of Dearness allowance, heavily enhanced rates of salary to its staff, as well as increasing expenditure on account of water supply etc., They have repeatedly requested the Go ernment for the payment of a special grant equal to the amount of dearness allowance paid annually to their staff. But Government have not been pleased to accede to their request with the result that even the normal activities of the Council are becomming restricted.

P. T O.

mk 88-48-1

Office of the President
City Municipal Council, Mysore

No MSC 631-184
Encl

Date 22nd January 1948.

-7 FEB 1948

From

N S HIRANNAYYA Esq, M A
President, City Municipal Council,
MYSORE

To

Syed Abdul Aleem, Esq , B.A.,
Secretary to the Government of His Highness the
Maharaja of Mysore, Revenue Department,
BANGALORE

Sir,

Subject - Levy of Octroi on all goods imported by Government Commercial departments which make one profit one of the articles imported.

I have the honour to state that on a resolution tabled by Mr. K.Puttaswamy Municipal Councillor, the question of levy of octroi on articles belonging to profiteearning Government Commercial departments came up for consideration at the Council meeting held on 23-12-47. After a lengthy discussion on the subject it was - finally resolved that octroi should be recovered on the goods imported by such concerns in future and that Government should be pressed to reconsider their orders previously passed in this behalf on the ground that the sole criterion for the levy of octroi is whether articles are imported by the Government commercial concerns for purposes of earning a profit or not, irrespective of the fact as how such profits are used. A copy of the resolution is enclosed.

In this connection I would like to submit that the financial position of the Municipality is not satisfactory as already reported to Government on many occasions. The position has become more accute owing to the payment of Dearness allowance, heavily enhanced rates of salary to its staff, as well as increasing expenditure on account of water supply etc., They have repeatedly requested the Go ernment for the payment of a special grant equal to the amount of dearness allowance paid annually to their staff. But Government have not been pleased to accede to their request with the result that even the normal activities of the Council are becomming restricted.

P. T O.

By now various proposals for increasing the income of the Municipality have been recommended to Government for sanction and their orders are awaited. The levy of octroi on the goods imported by Government Commercial departments as one of the sources of additional permanent income to the Municipality has been under contemplation of the Municipality for a long time. The Government Commercial departments are deriving immense benefit from the imported articles part of which is due to the amenities and conveniences provided by the Municipality. Profit is earned from use of these articles within the City limits. As an illustration it may be stated that the Electric Department imports meters, ornamental lights and poles etc., on which no octroi is being levied at present. The department is charging its consumers for the instalation of the meters to their residences and is thus making a good profit on house connections and mills etc., which flourish on account of the municipal amenities As against this the Municipality is shown no kind of concession and they are discharging an increasingly heavy light bill. Similary while it is the Municipality that spends thousands of rupees for the sanitation and Health of the visitors that come to Mysore during the Dasara and other festivities and to strain itself to keep the roads and gardens trim for the pleasure of the outside sight seers, it is the Railway Department that pockets lakhs of rupees in the shape of increased passenger traffic. It will be clear that the Municipality has a just claim to get something in return from other profit earning departments for the trouble and expenses to which it is put.

This question of levying octroi on goods imported by Government commercial departments has often been recommended to Government but till now they have not approved of the proposal. This Municipality therefore requests Government either to accord approval to the levy of octroi on the goods imported by their commercial departments or make a lumsum grant to the Municipality in lieu thereof.

In the circumstances I request you to kindly obtain orders of Government in the matter early.

I have the honour to be,

Sir,

Your most obedient servant,

PRESIDENT.

PSK.

4 copies

Immediate mt 88-48-2

To L 969-74 E

30-7-48

M/ The Chief Electrical

Proceedings of the Mysore City Municipal Council meeting held on 23-12-1947 at 4 P.M. in the Municipal Offices

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518. The Council after a full discussion of all aspects of the case resolve that the right of the Council to levy Octroi on goods of all Departments making a profit is one that is already provided in the Bye-laws and that therefore Octroi should be recovered on such goods in future The matter should be pressed with the greatest emphais on Government to reconsider their previous decisions in this light

Sd N S Hirannayya,
President.

"COPY"

PRESIDENT 29

SNR.

4 copies

Immediate mk 88-48-2

No L 969-74 E

30-7-48.

1) The Chief Electrical & Mechanical Engineer Bangalore

2) General Manager Mysore State Railways

3) ~~The Joint Director of Industries Mysore~~ Director of Industries & Commerce Mysore Bgl

4) Director of Sandal Oil Factories Mysore Bangalore

5) Sri Chamarajendra Technological Institute, Mysore and

6) The General Manager Mysore Iron & Steel Works Bhadravathy

Subject. - Levy of octroi on all goods imported into the Mysore City Municipal area by the Govt Commercial Depts which make a profit on the articles imported

(One articles imported by Sandal Oil Factory at Mysore)

Sir,

In forwarding herewith a copy of the resolution dated the 23rd December 1947 of the Mysore City Municipal Council on the above subject, together with extracts of letter No MS-C 631-184/44-45 dated the 22nd Feb 1948 of the Private Secretary to His Highness the Yuvaraja of Mysore, I am directed

P1 make 4 copies each

DO

to request that your opinion on the points raised
therein may be kindly forwarded
immediately, to enable Govt.
to pass orders in the matter

I. Lane Etc
pro
for Secy to Govt.
I.T.V. Revenue Dept
7.5.18

Immediate

GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE

No L 965-74/Mh. 88-48-2 **General and Revenue Secretariat,**

Dated Bangalore, 30 **July** *19*48.

FROM

The Secretary to the Government of
His Highness the Maharaja of Mysore
Revenue Department.

To
1) The Chief Elec Engr,
2) The C M Mysore Rly's
3) Asst Dr of I & C
4) Director of Industries & Mysore
SIR 5) Supdt Chamarajendra Technological Institute Mysore
6) General Manager, Mysore Iron & Steel Works, ~~Bhadravathi~~ Bhadravathi

Subject: Levy of Octroi on all goods imported into the Mysore City Municipal area by the Government Commercial Departments which make a profit on the articles imported.

In forwarding herewith a copy of the resolution dated the 23rd December 1947 of the Mysore City Municipal Council on the above subject, together with extracts of letter No. M 5 C 631-184/44-45 dated the 22nd February 1948 of the President, City Municipal Council, Mysore, I am directed to request that your opinion on the points raised therein may be kindly forwarded <u>immediately</u>, to enable Government to pass orders in the matter.

×6) add
-arhelas
factory in the
Iron & Steel Works
Bhadravathi

I have the honour to be,
Sir,
Your most obedient servant,

Secretary to Government
Revenue Department.

NOV

Proceedings of the Mysore City Municipal Council meeting held on 23-12-1947 at 4 p.m. in the Municipal Offices

---

517. The Council after a full discussion of all aspects of the case resolve that the right of the Council to levy Octroi on goods of all Departments making a profit is one that is already provided in the Bye-laws and that therefore Octroi should be recovered on such goods in future. The matter should be pressed with the greatest emphais on Government to reconsider their previous decisions in this light.

Sd/- N S Hirannayya,
President.

" Copy "

for Secretary to Government
Revenue Department.

GR.7.

Extracts of letter No. M.5 C 631-184/44-45 dated the 22nd Feb. 1948 of the President, City Municipal Council, Mysore.

Subject: Levy of Octroi on all goods imported by Government Commercial Departments which make a profit on the articles imported.

I have the honour to state that on a resolution tabled by Mr. K. Puttaswamy, Municipal Councillor, the question of levy of octroi on articles belonging to profiteering Government Commercial departments came up for consideration at the Council meeting held on 23-12-1947. After a lengthy discussion on the subject it was finally resolved that octroi should be recovered on the goods impo by such concerns in future and that Government should be pressed reconsider their orders previously passed in this behalf on the gro that the sole criterion for the levy of octroi is whether articl are imported by the Government commercial concerns for purposes earning a profit or not, irrespective of the fact as how such pr are used. A copy of the resolution is enclosed.

In this connection I would like to submit that the financial position of the Municipality is not satisfactory as already represented to Government on many occasions The position has become worse owing to the payment of Dearness allowance, heavily enhanced rates of salary to its staff, as well as increasing expenditure on water supply etc.,

* * * * * * * ** * *

The levy of octroi on the goods imported by Government commercial departments as one of the sources of additional permanent/income to the Municipality has been under contemplation of the Municipality for a long time. The Government Commercial departments are deriving considerable benefit from the imported articles part of which is due to the amenities and conveniences provided by the Municipality. Proportionate revenue earned from use of these articles within the City limits. As an

ME 1316

illustration it may be stated that the Electric Department imports meters, ornamental lights and poles etc., on which no Octroi is being levied at present. The department is charging its consumers for the installation of the meters to their residences and is thus making a good profit on house connections and wills etc., which flourish on account of the municipal amenities. As against this the Municipality is shown no kind of concession and they are discharging an increasingly heavy light bill. Similary while it is the Municipality that spends thousands of rupees for the sanitation and health of the visitors that come to Mysore during the Dasara and other festivities and to strain itself to keep the roads and gardens trim for the pleasure of the outside sight-seers, it is the Railway Department that pockets lakhs of rupees in the shape of increased passenger traffic. It will be clear that the Municipality has a just claim to get something in return from profit earning departments for the trouble and expenses to which it is put.

In the circumstances I request you to kindly obtain orders of Government in the matter early.

---

for Secretary to Government
Revenue Department

JTN

MC 1316

Telegrams — ARTCRAFTS '

Proceedings of the Mysore City Municipal Council meeting held on 23-12-1947 at 4 p.m. in the Municipal Offices.

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517. The Council after a full discussion of all aspects of the case resolve that the right of the Council to levy Octroi on goods of all Departments taking a profit is one that is already provided in the Bye-laws and that therefore Octroi should be recovered on such goods in future. The matter should be pressed with the greatest emphais on Government to reconsider their previous decisions in this light.

Sd/- H.S. Hirannayya,
President.

" Copy "

for Secretary to Government
Revenue Department.

Superintendent.
(camp) Bangalore

MIL 1516

Telegrams — ARTCRAFTS

[Telephone No 333

GOVERNMENT OF MYSORE

SRI CHAMARAJENDRA TECHNICAL INSTITUTE
DEPARTMENT OF INDUSTRIES AND COMMERCE

OFFICE OF THE SUPERINTENDENT

GENERAL & REVENUE SECRETARIAT 16 AUG 1948 MUNICIPAL BRANCH

Ref No 180
Encls

Mysore Dated, 3rd August 1948

FROM V.A.Annoo Mudaliar. Esq,
Superintendent,
Chamarajendra Technical Institute, Mysore.

GOVERNMENT OF MYSORE 1 10 1948

To

The Secretary to Government of His Highness the Maharaja of Mysore, Revenue Department,
Bangalore.

Sir,

Subject - Levy of Octroi on all goods imported into the Mysore City, Municipal Area.

With reference to your letter No.L.969-74/ 88-48-2 dated 30-7-48, forwarding a copy of the resolution dated 25-12-47 of the Mysore City Municipal Council on the above subject, I have the honour to state that this Institute is meant for imparting training to the students in the various handicrafts and is an Educational Institute for imparting Industrial training. We are also imparting training in Smithy and Fitters to the High School Students who have taken mechanics as their optionals We have engaged some of our old Students on piece work system to prepare articles side by side with the students under training understand how to prepare saleable articles and economic wastages. The articles so prepared are sold in our sale room. We are only adding to the net cost 12½% as overhead charges to meet the cost of wear and tear of machinery powers and tools. We are not adding any profit.

Under the above circumstances, the articles required for use of the Institute imported from outside may be exempted from Octroi as in the case of other Educational Institutions.

I have etc.,

Annoo
5/8
Superintendent.
(Camp) Bangalore

Mx 1530

TELEPHONE No 2110
No 5385
ENCLO 1 Copy of G O
TELEGRAPHIC ADDRESS
GOMED

GENERAL & REVENUE SECRETARIAT No 417 10 MAR 1948 ...RICAL BRANCH

GOVERNMENT OF MYSORE
ELECTRICAL DEPARTMENT

GENERAL & REVENUE SECRETARIAT 2 AUG 1948 1530 MUNIC PL

OFFICE OF THE CHIEF ELECTRICAL ENGINEER

Bangalore 9 August 1948

(MYSORE SECRETARIAT TO GOVERNMENT ... Date 9/8/48 ...)

14 VII 1948

The Secretary to Government,
Revenue Department,
BANGALORE

Sir,

Levy of octroi on all goods imported into the Mysore City Municipal area by Government Commercial Departments which make a profit on the articles imported

With reference to your letter No L 969-74/88-48-2 dated 30th ultimo, on the above subject, I have the honour to state that this question has been dealt with in full detail and orders of Government passed in G O No E D S 4055 dated 11-5-26 (copy enclosed) stating that there is no justification for the Mysore City Municipality to levy octroi under the provisions of the Mysore Municipal Regulation on articles imported into Mysore by the Electrical Department and the conditions do not appear to have changed warranting re-opening of the question

Regarding the points raised in the letter of the Municipal Council, I cannot help expressing surprise at the fact that the Council, while being enthusiastic to improve its revenue, has conveniently ignored the unique concession shown to it and also similar institutions in the State, in general when it makes the statement that "The Municipality is shown no kind of concession and they are discharging a heavy light bill", I cannot allow this statement to go unchallenged I should say on the other hand that the Department is getting comparatively very poor benefit from the Municipality while it is doing its best in the shape of levying a royalty at so small a rate that it falls far short of bare maintenance charges apart from leaving nothing towards power consumption charges

The rate of royalty levied for an ornamental lamp is Rs 45/- per annum, but apart from normal maintenance charge, if one globe is broken, as it often does, the charges of replacement come up to more than the annual revenue realised

P T O

t of Government would be exempt from Municipal Taxation as there practically none which does not bring in some kind of revenue

P T O

Particularly during the period of War and thereafter, the Department has raised the rates of industrial power and cinema installations, etc , in view of the fact that the cost of maintenance of the Generation, Transmission and Distribution Systems has increased by more than 200 to 300% on account of abnormal rise in the price of electrical materials, both foreign and local and high rates of salary, wages, and dearness allowance to staff, while no attempt was made to enhance the rate of royalty of street lights fixed so far back as 1926 (G.O. No L 6188-92-L.L. 83-26-5 dated 4-3-27) in consideration of not quite satisfactory financial position of most of the Municipalities As an instance, I may mention that the rate of royalty fixed for street lights in C. & M. Station area is more than 1½ times as that levied to similar institutions of the State It will thus be seen that for a period of nearly 26 years concession of several lakhs of rupees has been shown to this particular Local Body

I may also state in this connection, that the Department is not making any profit in the meters particularly referred to in the letter as no meter hire is levied for a major number of lighting installations (i e of 6 points and below) in pursuance of its definite large-hearted policy to help the common consumer It is levying only a nominal meter hire of 8 annas a month to irrigation pumps and domestic pumping installations which does not cover even periodical testing charges and replacements particularly as the recent supply of meters during war period are not of as robust construction as they used to be

I, therefore, submit that levy of octroi on electrical goods imported into Municipalities in the State will act as the greatest impediment to the free movement ofmaterials from one place to another, and while it may not result in an appreciable revenue to the Local Bodies, it will certainly hamper the work of this Department If this is insisted by the Municipality, there will be no other alternative except to rise the rates of royalty to an appropriate rate

Continued

so as to secure to the Department a revenue not incompatible with its expenditure on Maintenance and unit rate of power consumed

I have the honour to be,
Sir,
Your most obedient servant,

CHIEF ELECTRICAL ENGINEER

PROCEEDINGS OF THE GOVT OF H H THE MAHARAJA OF MYSORE

R e a d -

Letter No 2282 dated the 30th September 1924 from the Chief Electrical Engineer to the Government of Mysore, to the Secretary to Government, Public Works and Electrical Departments, Bangalore, stating that the Superintendent, Mysore Power and Lighting, reports that the Mysore City Municipality is now levying duty on all dutiable articles received by him from outside the Municipal limits for use of works of the Departments, that such charges have not been paid hitherto by this Department, either in Mysore or Bangalore, that the President, Municipal Council, contends that the Electrical Department is a quasi Commercial Department as mentioned in Government Order No R 1696-709/M1 81-20-1 dated the 3rd August 1920 and as such, the dutiable articles imported for use by the Electrical Department cannot be exempted from payment of octroi duty, that the President who was informed that the said Government Order and also Government Order No L 8065-8/L1 110-22-5 dated the 15th June 1923 contemplated the levy of taxes on buildings of Electrical Department but not octroi ~~duty~~ duty on the materials imported by the Department, contends that under proviso (a) to Section 59 of the Municipal Regulation the material imported by this Department falls within the words "other property" occurring in line 5 of the above proviso and as such, the materials under reference are not entitled to exemption, that the Superintendent, Mysore Power and Lighting, has been paying the octroi duty on articles liable to such duty under protest and requesting that the Government may be pleased to direct the President, City Municipal Council, Mysore, not to levy duty on articles imported by this Department and to refund to the Superintendent, Mysore Power and Lighting, the amount he has already paid under protest in this connection

---

Order No L 6726-9/M1 154-25-2, dt Bangalore, 29th April 1926

In Government Order dated the 3rd August 1920 referred to above, the view held that "As the Sandal Oil and other Government Factories and the Electric Power and the Transformer Houses are worked on quasi Commercial basis and are consequently treated as sources of revenue, they cannot be exempted from liability to such (Municipal) taxation" does not seem to be correct If it is correct, no Department of Government would be exempt from Municipal Taxation as there is practically none which does not bring in some kind of revenue

P T O

2 Government consider that the two conditions, viz , (1) "used solely for public purposes" and (2) "not used or intended to be used for purposes of 'profit' " included in proviso (a) to Section 59 of the Municipal Regulation should be read together and interpreted so as not to involve any contradiction The Electrical Department in Mysore is a State Department and the materials required by it are "used solely for public purposes" and Government do not think that, in respect of such materials any enquiry as to whether they are "used or intended to be used for purposes of profit" arises at all It is difficult to say what exactly is intended by the condition "used or intended to be used for purposes of profit", but the qualification "solely" found in the other condition "used solely for public purposes" appears to point to the probability that what is intended by profit is private profit, and a case of such profit arises when a material is not "solely used for public purposes" but partly for public purposes and partly for private purposes

3 The income and profits of local authorities are exempt from income-tax of the Central Government, and only stands to reason that the property of the Central Government should be exempted from Municipal taxation

4 Under these circumstances, Government are pleased to direct that the Mysore City Municipality should not levy octroi under the provisions of the Mysore Municipal Regulation on articles imported into Mysore by the Electrical Department and that the amount already paid to the Municipality under protest by the Superintendent, Mysore Power and Lighting, should be refunded to that Department

Sd/- C E RAMA RAO,
For Secretary to Government,
Local and Legislative Departments

No E D S 4055 Dated, Bangalore, the 11th May 1926

Copy of the above is forwarded with compliments to the Chief Electrical Engineer, for information, with reference to correspondence ending with this office No 2155 dated the 12th December 1925

Sd/- K R SESHACHAR,
Secy to Govt , Elecl Dept

"C O P Y"

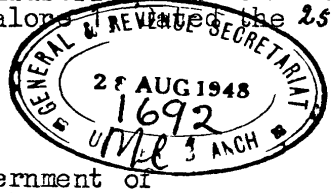
DR

CHIEF ELECTRICAL ENGINEER

Ml1692

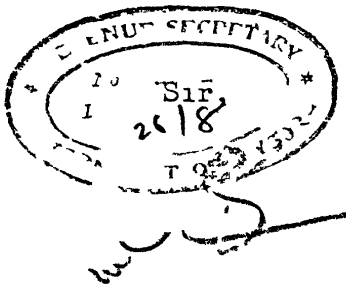
No C1- 1450/48 7

Office of the Additional Director of Industries and Commerce in Mysore, Bangalore, dated the 25th August 1948



To

The Secretary to the Government of
His Highness the Maharaja of Mysore,
Revenue Department, Bangalore



Subject - Levy of octroi on all goods imported into the Mysore City Municipal area by the Government Commercial Departments which make a profit on the articles imported

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With reference to your letter No I 969-74/Ml 88-2 dated the 30th July 1948 forwarding for my opinion, the extracts from letter No M5-C 631-184/44-5 dated the 22nd February 1948 from the President, City Municipal Council, Mysore on the above subject, I have the honour to state that this Department is not a Government Commercial Department with a view to earn profits nor is it importing any goods from outsid the State, which are subject to levy of octroi, except that it is affording assistance to handloom weavers of the State by exempting the levy of octroi within the municipal limits on all the handloom goods manufactured by the weavers in the State, as per Government Order No D 326-38/Ml 85-29-6 dated the 10th July 1939 and as amended in Government Order No L 1484-8/Ml 59-47-74 dated the 12th August 1948 in respect of the bonafide khaddar, charkas and their spare parts

I have the honour to be,
Sir,
Your most obedient servant,

24/8

Additional Director
of Industries and Commerce

ML2666

THE MYSORE IRON & STEEL WORKS

(GOVERNMENT OF MYSORE)

Telegraphic Address
MYSIRON BHADRAVATI

Codes
BENTLEY'S
Western Union Five Letter
A B C 6th Edition

GENERAL & REVENUE SECRETARIAT
5 OCT 1948
MUNICIPAL BRANCH

BHADRAVATI
(Mysore State Railway)
Ltd

Ref No G/ 2188

25th September 1948

The Secretary to the Government of
His Highness the Maharaja of Mysore,
Revenue Department,
Public Offices,
BANGALORE

Dear Sir,

Subject -Levy of Octroi on all goods imported into the Mysore City Municipal area by the Government Commercial Departments which make a profit on the articles imported

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With reference to your letter No L 969-74/Ml 88-48-2 dated the 30th July 1948, I wish to inform you that the President, City Municipal Council, Mysore, has not sent me so far, a copy of the Octroi regulations and bye-laws of the City Municipality, Mysore, for reference and return, though he was requested to do so in this office letter No G/1073 dated 10-8-48 (as also reminder No G/2188 dated 20-9-48)

I am sending a copy of this also to him for information and needful

On receipt of the references, I will convey you my views in the matter

Yours faithfully,

BSL/25-9-48

Offg General Manager

Municipal

C.S. No.

No G 106
Encls one

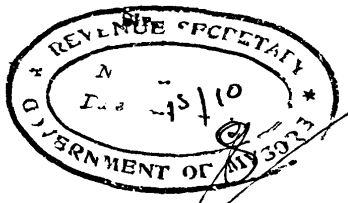
GOVERNMENT OF MYSORE

3087/M
2/10

OFFICE OF
The Director of Sandal Oil
Factories in Mysore,
Bangalore

Date ~~8~~10-1948.
14th Oct 1948

The Secretary to Government,
Revenue Department,
Bangalore



Sub Levy of octroi on all goods imported into the Mysore City Municipal area by the Government Commercial Departments which make a profit on the articles imported

With reference to your letter No L 969-74 ML 88-48-2 dated 30th July, 1948, regarding the above subject, I wish to state that so far as the Government Sandal Oil Factory, Mysore, is concerned, Government have already passed orders directing that no octroi is leviable by the Mysore City Municipality on goods imported for the use of the Sandal Oil Factory, vide, letter No L 3339/M/115-42-3 dated the 14th October, 1944, from the Secretary to Government, Law Department, to the President, Mysore City Municipal Council, Mysore, a copy of which is enclosed for favour of perusal. I may state that in passing the above orders, the attention of the Municipality has been invited to the fact that the net revenue realised by the Sandal Oil Factory on the disposal of sandalwood in the form of Sandal oil forms part of the Revenues of the Forest Department, hence, an item of Public Revenue, not used for private benefit

In the circumstances explained above, I am of the opinion that the articles imported by the Sandal Oil Factory, for its operations might be continued to be exempted from the levy of octroi by the Mysore City Municipal Council

Normally the Factory would have been located outside the Municipal limits As it was considered that the location inside Municipal limits would help the Municipality by way of expansion of the Town and revenue therefrom and there would be no change in the policy of exemption, the Factory was located

located within the Municipal limits Hence it would wrong also be wrong in principle to raise the question of levy of octroi

Yours faithfully,

Director,
Sandal Oil Factories.

Copy of letter No L 3339/M/110-42-3 dated 14th October 1944 from the Secretary to Government of Mysore, Law Department, to the President, Mysore City Municipal Council, Mysore, received with Law Secretary's Memo No L 3340-1 dated 14/10/44.

--

With reference to your letter No G T 2907/41-42, dated 5-6-42 regarding the levy of Octroi duty on all lubricants and hardware materials imported from outside Mysore for the Sandalwood Oil Factory, Mysore, I am directed to observe that the principles accepted and made the basis of G O No L. 6726-9/M1 154-25-2, dated 29th April 1926 must apply to this case also Further, the case falls under proviso (a) (ii) to Section 64 of the Mysore City Municipalities Act 1933 and this is a Government concern run for the exclusive benefit of the public and the profits are treated as part of the public revenue coming under the forest revenue and no portion of the profit is used for private benefit Such articles are already exempted from payment of duty, according to the schedule of taxes in force in the Mysore City as they are " goods bonafide property of the Government at the time of import " This point has been further clarified in para 3 of G.O No L 10155-219/M1. 113-42-90 dated 15th April 1943 which runs as follows -

> "There is no legal justification for levying octroi duty on purchases made by Government Departments for bonafide Government use since immediately after purchase the article becomes the property of the Government and is exempted from duty. Government accordingly direct that octroi should not be levied on purchases made by Departments of Government

In this connection attention is also invited to this office letter No L 5249/M1 73-37-195, dated 23rd December 1938 in which the proposal of the Municipal Council to amend the schedule of taxes as as to levy octroi on such goods was not approved by the Government

I am to add that, having regard to the above facts, no Octroi is leviable on goods imported for the use of the Sandalwood Oil Factory The Director of sandalwood Oil Factory will be requested to see that at the time of import of the articles, a certificate is invariably issued along with the invoice to the effect that the are intended for bonafide Government purposes as required by the Taxation Rules in force in the Mysore City and that the property therein mentioned belongs to Government

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(copy)

B S Iyengar
General Manager,
Sandalwood Oil Factory,
Mysore

Appendix F G—1]

No 4

SUBJECT Levy of octroi on all goods exported into the Mysore city Municipal area by the Govt Concerned Departments ~~which make a profit on the articles exported~~ Circular letter

Section MK

File No Report

Serial No —

Diary No of letter replied to

MK. 88-HS-102

No L 3586/MK 824-9-1948

To The Municipal Commr.

Mysore city Municipality

(Through this Govt)

General and Revenue Secretariat

( )

the *194*

Date of issue 24-9-1948

Sir,

Signed by Sri G. R Rao

With Reference to the correspondence ending with the letter No MS e 631-184/44-45 dated 22-1-1949 from the President of the Municipal Council on the above subject, I am directed to state that in view of the instructions issued in G O No L 2354-2620/MK 88-48-7 dated 11 9 48 that no octroi should be levied on fresh claims, in city Municipalities, etc, your proposal for the levy of duty on

List of enclosures

Copied by

Examined by

GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE

No L-3586/ML-88-48-102 General and Revenue Secretariat,

Dated Bangalore, 24-9- *1949*

FROM

The Secretary to the Government of
His Highness the Maharaja of Mysore
General Department, Bangalore.

To

The Municipal Commissioner,
Mysore City Municipality,
(through the President)

SIR,

SUBJECT Levy of octroi on all goods imported into the Mysore City Municipal area by the Government Commercial Departments such as Electric and sandalwood Oil Factories etc ,

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With reference to the correspondence ending with letter No M5 C 631-184/44-45 dated 22nd January 1949 from the President of the Municipal Council on the above subject, I am directed to state that, in view of the instructions issued in Government Order No.L.2554-2620/ML 88-48-9 dated 11th September 1948 that no octroi should be levied on fresh items in City Municipalities etc , your proposal for the levy of duty on goods imported by the Government Commercial Department may lie over for the present.

Yours faithfully,

for General Secretary to Government